



Annual Report 1971

The Annual and Special General Meeting of Shareholders will be held at the Centennial Ballroom, Inn on the Park, Leslie Street & Eglinton Avenue East, Toronto, at 11:00 a.m. on Thursday, April 13, 1972.



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E. S. & A. Robinson (Canada) Limited



Globe Envelopes Products Limited



International Envelope Limited



Sellotape Canada Limited



Gage Stationery Company



Ercona Adhesives Limited

THE DRG STORY

E. S. & A. Robinson (Canada) Ltd. was incorporated in 1932 and Globe Envelopes Limited in 1933. Both companies have grown to become leaders in their respective fields of packaging materials and envelopes. Sellotape Canada Limited, incorporated under its present style in 1955, manufactures a wide range of self-adhesive tapes and labels.

In August 1969, E. S. & A. Robinson (Canada) Ltd. and Sellotape Canada Limited merged with Globe Envelopes Limited and the holding company resulting from the merger, was named DRG Limited.

In 1971 a controlling interest was acquired in Ercona Adhesives Limited, who are specialists in the manufacture of industrial adhesives for national markets.

A further important acquisition late in 1971 was Gage Stationery Company, nationally known for stationery supplies for the home, school and office markets.

DRG Limited employs approximately 1600 people in Canada, many with specially developed skills in their field. Offices are maintained coast to coast and major manufacturing plants are located in five provinces.

DRG Limited is associated with the world-wide Dickinson-Robinson Group Limited, England, which makes available vast experience and technology to the Canadian companies.



DIRECTORS:

†S. E. Beare	N. C. Morris
†K. G. Graham	†W. G. Reid
†Grant Horsey	J. F. Robinson, C.B.E.
J. W. Hunter	T. L. Robinson
J. L. Lewtas, Q.C.	†V. D. Strickland
A. J. Lynas	R. W. Westrope
J. A. McCleery, F.C.A.	E. Young

OFFICERS:

Grant Horsey	Chairman of the Board
V. D. Strickland	Vice-Chairman of the Board
	Chairman of the Executive Committee
S. E. Beare	President
K. G. Graham	Vice-President
A. J. Lynas	Vice-President
N. C. Morris	Vice-President
W. G. Reid	Vice-President
E. Young	Vice-President
J. R. Ward, C.A.	Associate Treasurer and Secretary
L. B. Zalany, C.A.	Associate Treasurer

AUDITORS:

Price Waterhouse & Co., Toronto.

TRANSFER AGENTS:

Crown Trust Company, Toronto and Montreal.

HEAD OFFICE:

73 Laird Drive, Toronto 17.

**SUBSIDIARIES
AND OTHER:**

Globe Envelopes Products Limited (100%)
 Globe Envelopes Realty Limited (100%)
 International Envelope Limited (100%)
 E S & A Robinson (Canada) Limited (100%)
 Sellotape Canada Limited (100%)
 Gage Stationery Company (100%)*
 Ercona Adhesives Limited (51%)**

The percentage of ownership is indicated above.

*This business was purchased on Dec. 31, 1971.

**The shares were purchased on Oct. 1, 1971.

†Members of The Executive Committee

Class A Shares — Symbol DRG — Listed on The Toronto Stock Exchange



FIVE YEAR PROGRESS REPORT

FINANCIAL RESULTS

	1971	1970	1969	1968	1967
Net sales	\$43,950,759	\$41,701,753	\$40,046,149	\$36,183,939	\$34,121,319
Earnings before income taxes	4,271,794	3,974,229	3,980,611	3,145,888	2,996,044
Net earnings	2,112,282	1,861,539	1,844,492	1,495,376	1,506,342
Cash flow	3,283,382	2,920,058	2,943,559	2,507,168	2,586,427
Earnings per share	1.22	1.08	1.07	0.87	0.88
Cash flow per share	1.89	1.70	1.71	1.46	1.51
Dividends per share	0.52	0.48	0.46	0.39	0.36

FINANCIAL POSITION

Current assets	16,186,380	13,886,632	13,087,709	11,933,010	11,259,209
Current liabilities	5,204,235	4,700,742	4,920,868	4,432,438	4,193,001
Working capital	10,982,145	9,185,890	8,166,841	7,500,572	7,066,208
Land, buildings, machinery and equipment ...	23,556,367	20,797,181	19,950,903	19,078,546	17,959,798
Less accumulated depreciation	12,832,857	11,811,313	10,813,842	9,969,805	9,168,161
Net fixed assets	10,723,510	8,985,868	9,137,061	9,108,741	8,791,637
Total assets	26,971,210	22,872,500	22,305,186	21,213,950	20,373,166
Long term liabilities	3,325,000	1,175,000	1,425,000	1,825,000	2,311,983
Deferred income taxes	1,312,618	1,217,457	1,226,176	1,277,812	1,289,956
Shareholders' equity	17,129,357	15,779,301	14,733,142	13,678,700	12,578,226
Book value per share	9.89	9.18	8.58	7.96	7.33

OTHER

Additions to fixed assets	2,756,862	903,173	1,034,395	1,214,419	1,234,319
Number of employees at December 31	1,504	1,542	1,665		
Number of shareholders at December 31	1,121	1,127	1,168		

NOTES

1. The figures for all years have been computed to reflect the acquisition in 1969 of E. S. & A. Robinson (Canada) Limited and Sellotape Canada Limited on a pooling of interests basis. Earnings per share and cash flow per share for the years 1967 and 1968 have been computed on the number of shares outstanding at the end of each year, plus in each year, the number of shares issued as a result of the acquisition. Dividends were the actual dividends declared on the common Class A and common Class B shares.

2. The fiscal year end of D R G Limited was changed to December 31, effective in 1969. Figures for all years reflect a common fiscal period ending December 31 for the Company and all subsidiaries.

3. Effective December 31, 1971 the Company purchased the business of Gage Stationery Company; the fixed assets and inventories so acquired are reflected in the figures for 1971.



PRESIDENT'S REPORT TO SHARE OWNERS:

The DRG companies have completed another year of increased sales and profits. Consolidated Sales for 1971 at \$43,950,759 were 5.4% above those of 1970. Net earnings per share after tax, however, increased by almost 13.5% to \$1.22 per share as against \$1.08 per share in 1970 — a rewarding increase which contributed to the annual dividend rate being raised from 48c to 56c. Of special interest is that 1971 share earnings were attained on a greater number of shares, a further 14,300 option shares having been exercised during the year. It is good to note the encouraging progress made throughout 1971, following the depressed economic conditions of the year 1970.

Contributing to the improved earnings, we can report, in the field of self-adhesive tapes and allied products, substantial increases in sales and profits, reflecting in a measure the growth in sentiment and public confidence in the national outlook as the year developed.

The envelope group also achieved improved results — the contribution of International Envelope in the Province of Quebec being particularly noteworthy, where the best results since 1967, the year of Expo, were achieved. Here in Ontario a substantial improvement was also effected, and a modest increase in earnings was attained throughout Western Canada in spite of somewhat depressed conditions in the northern Alberta area, and in Manitoba.

In the packaging materials company, every effort was made to improve earnings, but new restrictions and regulations emanating from the federal Government's Department of Consumer and Corporate Affairs brought considerable confusion to national and local companies who package their products for counter and supermarket sale, with Government making demands for many changes without seemingly knowing what its final program of regu-

lations would be. As a direct result important customers were inclined to reduce their inventories, placing smaller temporary orders, while the Government made up its mind. This had an adverse effect on sales, production costs and earnings. Nevertheless, the packaging materials division profits were very close to the record earnings of last year. A number of entirely new types of packaging materials were designed and developed on which test marketing has taken place — and an optimistic atmosphere for a substantial increase in business in 1972 is anticipated.

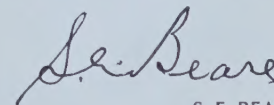
During the year, two important acquisitions were made. In October, a controlling interest was acquired in Ercona Adhesives Limited, a relatively small company, specializing in the manufacture of adhesives for the shoe, floor covering and construction trades. A background of product information and formulae which will enable a wide enlargement of the

product range, embracing adhesives, sealants, mastics and coatings becomes available through the associated company. Substantial future growth is expected for this new DRG company.

As of the close of the year the business of Gage Stationery Limited was acquired — a company well-known for its products — operating on a Canada-wide basis, and with a splendid reputation for 'quality' in all markets which it serves. Through the association of DRG with John Dickinson & Company of England, access to additional know-how, and a product range that has been continually successful on a world-wide basis, is available. We anticipate Gage will share, to a marked degree, in Canada's future growth, through serving Canadian business with its line of office supplies, the educational field through its school supplies, and the market for social stationery for customers of all ages, including children.

It has been an exhilarating year to our various management groups as we endeavoured to widen the companies' product ranges to promote future progress, while efforts were being made at the federal Government level to improve economic conditions throughout Canada. 1972 will, we feel sure, provide a significant uptrend in our sales and profits.

We express sincere thanks to employees in all departments and at all locations for their continuing loyalty and contributing efforts to the success of the past year, and we are most grateful for the support received from our customers, distributors and share owners.

A handwritten signature in dark ink, reading "S. E. Beare". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

S. E. BEARE, *President*



A PATTERN FOR GROWTH

During the 70's the DRG companies will place increased emphasis on technology and market orientation. Management of each company is committed to the development of programs that will discover market needs and help to solve customer problems, whether they be processing, distribution or retail marketing.

This pattern for growth requires that the DRG companies be well qualified to become deeply involved and capable of applying to any business resourceful assistance in — research and development, superior technical know-how, modern production facilities, creative and innovative marketing.

During the past year a number of advances were achieved which will favourably influence future sales and profitability. To complement their research and development program, E.S.&A. Robinson will continue a policy of concluding exclusive manufacturing arrangements with leading and aggressive convertors in the U.S.A. and abroad.



Robinson's Film Manufacturing Division was formed late in 1971. The capital equipment involves the latest design to produce multi-layer films from plastic resins. A wide range of new product capabilities from this installation will ensure continued leadership in the flexible packaging industry.

The new one quart "pillow-pack" pouch for automobile motor oil is one outstanding example of the company's innovative technical accomplishments.



Globe, with its affiliate International Envelope, the acknowledged leader and innovator in the industry, has developed a very promising new process which may well revolutionize envelope usage in an important segment of the market. Patents have been applied for, engineering is under way, and market testing will commence in the very near future.

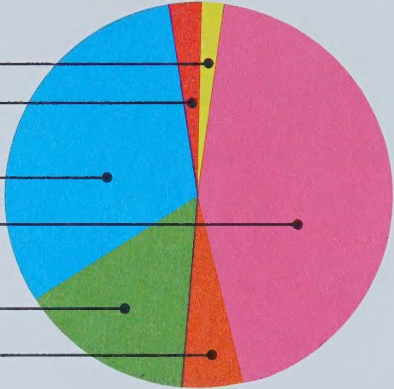
In the Sellotape organization, creative marketing plans which began in 1970, are proving to be effective and profitable. These promotional activities include bright, modern new packaging with improved sales appeal, attractive to both dealers and their customers. For the first time, outdoor billboard advertising is to be employed to promote consumer products. This company enjoys a fine reputation for broadening markets through new product development utilizing the latest plastic materials.

Growth areas are found where the demand for quality, service and creativity are high. With these challenges goes high profitability open to new and existing DRG companies through imaginative marketing strategy and advanced technology.

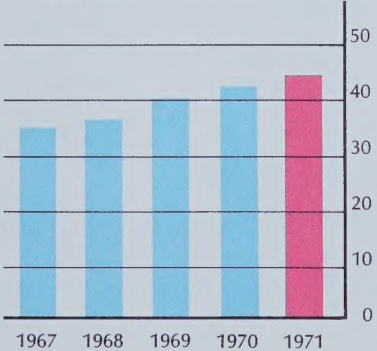
FINANCIAL HIGHLIGHTS IN 1971

DIVISION OF SALES DOLLAR

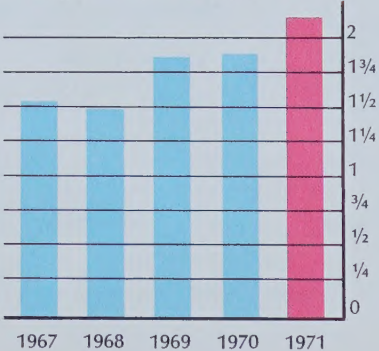
SHAREHOLDERS:	
for dividend payments	2.0c
held for future growth of the business	2.8c
	<u>4.8c</u>
EMPLOYEES — for wages, salaries, commissions and benefits	
	31.8c
MATERIALS — purchased from our suppliers for use in manufacturing. 43.2c	
OPERATING EXPENDITURES — utilities, depreciation, maintenance, research and development, business services and operating supplies ...	
	15.3c
TAXES. Income taxes set aside for Federal and Provincial Governments	
	4.9c



NET SALES MILLIONS OF DOLLARS



NET EARNINGS MILLIONS OF DOLLARS





DRG LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

for the year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
Net sales	\$43,950,759	\$41,701,753
Manufacturing, selling and administrative costs	39,677,073	37,713,384
EARNINGS BEFORE UNDERNOTED ITEMS	4,273,686	3,988,369
Other charges (income)		
Interest on long term liabilities	69,180	79,214
Other income, net	(67,288)	(65,074)
	1,892	14,140
EARNINGS BEFORE INCOME TAXES	4,271,794	3,974,229
INCOME TAXES		
Current	2,064,351	2,121,407
Deferred	95,161	(8,717)
	2,159,512	2,112,690
NET EARNINGS FOR THE YEAR	\$ 2,112,282	\$ 1,861,539
 EARNINGS PER COMMON CLASS A AND COMMON CLASS B SHARE	 \$1.22	 \$1.08

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
RETAINED EARNINGS BEGINNING OF YEAR	\$11,006,854	\$ 9,970,195
NET EARNINGS FOR THE YEAR	2,112,282	1,861,539
	<u>13,119,136</u>	<u>11,831,734</u>
DIVIDENDS		
Common Class A	586,076	536,880
Common Class B	312,000	288,000
	<u>898,076</u>	<u>824,880</u>
RETAINED EARNINGS END OF YEAR	<u>\$12,221,060</u>	<u>\$11,006,854</u>
DIVIDENDS PER COMMON CLASS A AND COMMON CLASS B SHARE	52¢	48¢

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

for the year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
SOURCE OF FUNDS		
Net earnings for the year	\$ 2,112,282	\$1,861,539
Depreciation and amortization	1,075,939	1,067,236
Deferred income taxes	95,161	(8,717)
Total from operations	<u>3,283,382</u>	<u>2,920,058</u>
Proceeds of long term loan	2,400,000	—
Issue of capital stock	135,850	9,500
	<u>5,819,232</u>	<u>2,929,558</u>
USE OF FUNDS		
Net expenditure on fixed and other assets	2,874,901	835,629
Reduction of long term liabilities	250,000	250,000
Dividends	898,076	824,880
	<u>4,022,977</u>	<u>1,910,509</u>
INCREASE IN WORKING CAPITAL	1,796,255	1,019,049
WORKING CAPITAL BEGINNING OF YEAR ...	9,185,890	8,166,841
WORKING CAPITAL END OF YEAR	<u>\$10,982,145</u>	<u>\$9,185,890</u>



CONSOLIDATED BALANCE SHEET

as at December 31, 1971 (with comparative figures for 1970)

ASSETS

CURRENT

	1971	1970
Cash and short term deposits	\$ 892,887	\$ 979,677
Short term notes	647,546	500,000
Accounts receivable	7,117,637	6,557,841
Inventories	7,204,358	5,643,833
Other	323,952	205,281
Total current assets	16,186,380	13,886,632

FIXED, at cost

Land	673,489	535,379
Buildings	6,970,204	5,839,999
Machinery and equipment	15,912,674	14,421,803
	23,556,367	20,797,181
Accumulated depreciation	12,832,857	11,811,313
	10,723,510	8,985,868

OTHER	61,320	—
	<u>\$26,971,210</u>	<u>\$22,872,500</u>

LIABILITIES

CURRENT

	1971	1970
Accounts payable and accrued liabilities	\$ 4,283,198	\$ 3,534,375
Owing to affiliates	44,523	62,306
Income and other taxes payable	383,418	647,841
Dividends payable	243,096	206,220
Current instalment of long term	250,000	250,000
Total current liabilities	5,204,235	4,700,742

LONG TERM	3,325,000	1,175,000
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DEFERRED INCOME TAXES	1,312,618	1,217,457
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized

4,000,000 common Class A shares
without nominal or par value
600,000 common Class B shares
without nominal or par value

Issued

1,132,800 common Class A shares (1970 — 1,118,500)	3,244,385	3,108,535
600,000 common Class B shares ..	1,663,912	1,663,912
	4,908,297	4,772,447

RETAINED EARNINGS	12,221,060	11,006,854
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Total shareholders' equity	17,129,357	15,779,301
	<u>\$26,971,210</u>	<u>\$22,872,500</u>

Approved on behalf of the Board

S. E. BEARE, Director

V. D. STRICKLAND, Director

EXPLANATORY INFORMATION TO CONSOLIDATED FINANCIAL STATEMENTS, DECEMBER 31, 1971

Common Class A shares:

During 1971, options were exercised on 14,300 common Class A shares of the Company for a total consideration of \$135,850. Options were outstanding at December 31, 1971 to certain employees for 64,850 common Class A shares at \$9.50 per share exercisable to August 10, 1974, of which 28,800 shares were optioned to directors and officers.

Common Class B shares:

Each common Class B share entitles the holder thereof to three votes and is convertible into one common Class A share.

Long term liabilities:

	<u>1971</u>	<u>1970</u>
Term loan, repayable in annual instalments of \$300,000 commencing in 1974 with the balance payable in 1978, interest at ¾% above prime rate	\$2,400,000	\$ —
6¾% term loan, repayable \$150,000 in 1973 with the balance payable in 1974, secured by pledge of debentures providing for a floating charge on the assets of the Company and certain of its subsidiaries	750,000	900,000
Loan from an affiliated company, non-interest bearing, repayable \$100,000 in 1973 with the balance payable in 1974	175,000	275,000
	<u>\$3,325,000</u>	<u>\$1,175,000</u>

Inventories:

Inventories have been valued at the lower of cost and market. For raw materials, market has been determined as replacement cost; for other inventories, market has been determined as net realizable value.

	<u>1971</u>	<u>1970</u>
Raw materials	\$2,173,806	\$1,674,783
Work in process	1,044,484	946,914
Finished goods	3,986,068	3,022,136
	<u>\$7,204,358</u>	<u>\$5,643,833</u>

Pensions:

The unfunded liability for past service pension benefits was approximately \$700,000 at December 31, 1971 to be paid by annual instalments until 1989.

Remuneration of directors and officers:

Remuneration in 1971 of the Company's fourteen directors, as directors, and ten officers determined in accordance with the Canada Corporations Act 1970, amounted to \$6,000 and \$371,881 respectively. Eight officers of the Company also serve as directors.

Other:

Effective December 31, 1971 the Company purchased the business of Gage Stationery Company; the fixed assets and inventories so acquired are reflected in the balance sheet as at that date.

AUDITORS' REPORT

To the Shareholders of D R G LIMITED

We have examined the consolidated balance sheet of DRG Limited and its subsidiary companies as at December 31, 1971 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,	PRICE WATERHOUSE & CO.
March 2, 1972	Chartered Accountants



Serving Many Canadian Markets

Each company operates as a separate profit centre and has its own product line as presented on the following pages. This decentralized organization provides the management of each company with the opportunity to react to existing markets and to move rapidly to develop new ones.

® E. S. & A. Robinson (Canada) Ltd.
The Packaging Materials Division concentrated on new product innovation and



product diversification. Sales were slightly below the record year of 1970 due to uncertain Government regulations on packaging and very competitive market situations.

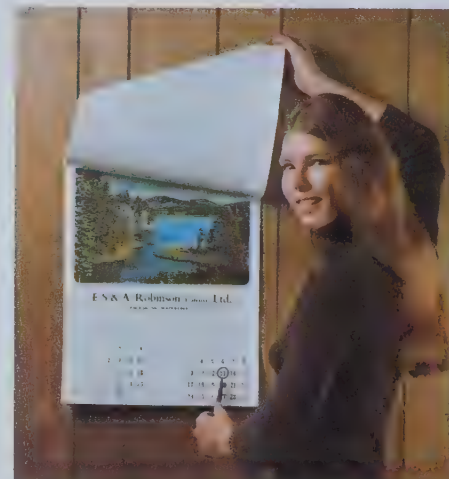
The key packaging markets were snack foods, baked goods, drink mixes, vacuum packaging for meats and cheese, confectionery, tobacco, beer and beverage labels.

Robinson is Canada's leader and innovator of flexible packaging. New techniques in flexographic printing on films were developed to achieve exacting reproductions, thus greatly improving visual and selling impact. New packaging markets were entered for disposable hospital products and single-dose pharmaceuticals, which offer great potential over the next several years.

Growing public concern about the environment favours the choice of flexible materials which are economical, lightweight, low in bulk waste and easily disposed of. These ecological advantages will stimulate development

of entirely new markets for pouches, such as automobile motor oil which now promises to expand sales dramatically.

There was a brisk demand for thermoformed foamed plastic articles of the new Rigid Plastics Division. Increased production facilities are planned for the growth predicted for 1972 and beyond.



The Calendar and Specialty Division experienced a competitive year. In 1972 emphasis will be on the creation of a new line of calendars suitable as highly attractive advertising for all classes of Canadian business.

The 1972 forecast is a trend for growth in all Divisions. Working from a sound base of existing business, the company is in a strong position to advance with a number of potentially profit-making new product introductions.



Globe Envelopes Products Limited



International Envelope Limited

Globe Envelopes Products Limited, with six manufacturing plants strategically situated in five provinces, including International Envelope Limited in Quebec, can make all sizes and styles of envelopes to supply every type of market need in Canada.



Significant growth in the use of commercial "window" envelopes was evident during the year and this market now accounts for more than 28% of all Canadian production. Other major end use markets are—cheques, invoices, statements, annual reports, insurance premiums and colourful direct mail envelopes in an immense variety of sizes, styles and special designs.

There has been an encouraging upsurge in direct mail and it is found that the company's oversized envelopes lithographed in several colors, are most successful in obtaining greatest returns. Modern manufacturing equipment combined with careful attention to proper design, has given Globe an enviable reputation for technical excellence and particularly ensuring trouble-free automatic insertion (illustrated lower right) for volume users.

In the world of modern business the accelerated growth of computers has stimulated the market for Globe's sophisticated "Address-o-matic system" (continuous form envelopes on rolls with appropriate Globe-engineered hardware) to facilitate high speed addressing by computer-printer (illustrated left).

Globe has become Canada's leading envelope convertor through aggressive marketing of superior quality and well-styled products. The company has successfully concentrated on growth areas of commerce and industry. Excellent customer service, a wide variety of envelope styles and the ability to create specialty items will enable the envelope companies to attain steady sales growth predicted for the 70's.





Sellotape Canada Limited



1971 was a year of growth and success. Sellotape produces self-adhesive tapes and printed labels with marketing operations structured into three divisions.

The major share of sales and profitability is accounted for by the Industrial Division, whose excellent nation-wide distribution helped to achieve a significant increase in sales. Optimistic expectations for the coming year are based on continued market growth and expansion into new product lines.

Developments such as equipment and materials to seal shipping cartons automatically, and a growing range of electrical, masking, automotive tapes, will advance growth in industrial markets.

"Insil" self-adhesive sealing and gasketing materials have received encouraging acceptance in a wide range of new industrial applications such as automobile window weatherstripping, moisture control for mobile homes and also for noise control in the construction industry.



The Consumer Products Division markets tape for home, school and office, ranging from the popular cellulose, freezer, cloth and invisible tapes, to bright, new hockey tape. Aggressive marketing plans launched in 1971 showed excellent results.

Notable progress was made in the Selloprint printed label business. Many product improvements such as the Kraft Cheese labels illustrated, have helped penetrate new volume markets and expand existing ones, assuring growth and profit for this Division.



Gage Stationery Company



Gage Stationery's excellent national reputation, established during 125 years in the writing papers and stationery business, makes it an important and valuable addition to the DRG group.

The company's existing product range is directed at the mass markets for school, home and office supplies.

In the educational field, Gage construction paper, exercise books, scribbblers, loose leaf re-fills, etc., have been marketed for generations under the famous "Campus" brand name.

Many products have been developed for modern offices as useful aids to efficiency. Equipment was installed in 1971 to produce new side-tab file folders (illustrated) which are colour coded for easy identification. The installation and start-up of a new ruling machine will contribute positively to Gage's production capabilities. This modern equipment which involved a large capital expenditure will have significant bearing on future efficiency and profitability. The demand for steno pads, index cards, columnar pads and statement forms is growing and in these markets Gage is firmly established.



Gage writing papers and stationery are well accepted nationally for home and office. Through DRG's affiliation with the world's leading stationery producer, John Dickinson of England, a fine opportunity exists for Gage to extend their market into a broad new range of premium quality and higher profit stationery products.



The product development staff has been very successful in creating the highest standards of quality and design. Modern plants located in Georgetown, Ont., Montreal and Winnipeg are strategically located to serve the market needs.



Ercona Adhesives Limited

The acquisition of Ercona Adhesives Limited, established DRG in the field of industrial adhesives. Incorporated 5 years ago, the company has since developed diverse adhesive formulations such as those employed to lay down carpets, attach soles to shoe uppers, adhere strapping and panelling to walls in the construction industry.



The majority of business is in the large volume industrial markets. A retail business exists for the do-it-yourself home owner. The company's technical capability has attracted substantial volume packaged under private labels for many well-known Canadian companies.

One of Ercona's particular strengths is excellent acceptance of floor covering adhesives and knowledgeable service in this industry. Many advantages of "soft" floor coverings ensure growing demand for adhesives required in large institutional installations, such as schools, hospitals and office buildings. The company is in a favourable position to supply this expanding market through coast to coast distributors, in addition to building supply and department store outlets.

A "new era" has been entered by Ercona, who last fall moved into a modern plant purchased by DRG Limited. The manufacturing facilities have been completely up-dated and new equipment installed which will improve efficiency and greatly increase production capacity.

Ercona, backed by the resources of DRG, will continue to build a reputation in the industry for high quality, excellent service and new product development to meet specialized requirements. Growing demand for adhesives should continue throughout the 70's.





Sales offices and Plants from coast to coast ensure prompt service to all major market areas.

ADDRESSES



E.S. & A. ROBINSON (CANADA) LIMITED — HEAD OFFICE: 69 LAIRD DRIVE, TORONTO 17

PLANTS AND OFFICES: Vancouver, Calgary, Winnipeg, London, Kitchener, Hamilton, *Toronto, Ottawa, Montreal, Saint John.



GLOBE ENVELOPES PRODUCTS LIMITED — HEAD OFFICE: 1070 QUEEN STREET EAST, TORONTO 8

PLANTS AND OFFICES: *Edmonton, Calgary, *Regina, *Winnipeg, *London, Hamilton, *Toronto, Ottawa, Montreal.



ENVELOPPE INTERNATIONALE LIMITEE — HEAD OFFICE: 7000 HOCHELAGA STREET, MONTREAL 5

PLANTS AND OFFICES: Quebec and *Montreal.



SELLOTAPE CANADA LIMITED — HEAD OFFICE: 10 ESANDAR DRIVE, TORONTO 17

PLANTS AND OFFICES: Vancouver, Edmonton, Calgary, Saskatoon, Winnipeg, London, Kitchener, Hamilton, *Toronto, Ottawa, Montreal, Quebec.



GAGE STATIONERY COMPANY — MAIN OFFICE: STEELCASE ROAD, TORONTO, ONT.

PLANTS AND OFFICES: Vancouver, *Winnipeg, *Georgetown, Toronto, *Longueuil, Que.



ERCONA ADHESIVES LIMITED — 880 RANGEVIEW ROAD, MISSISSAUGA, ONT.

PLANT AND OFFICE: Mississauga, Ont.

*Plants.

DIRECTORS

*S. E. Beare	*K. G. Graham
Grant Horsey	J. W. Hunter
J. L. Lewtas, Q.C.	*A. J. Lynas
J. A. McCleery F.C.A.	*N. C. Morris
*W. G. Reid	J. F. Robinson, C.B.E.
T. L. Robinson	*V. D. Strickland
R. W. Westrope	*E. H. Young

OFFICERS

Grant Horsey <i>Chairman of the Board</i>
V. D. Strickland <i>Vice Chairman of the Board</i> <i>Chairman of the Executive Committee</i>
S. E. Beare <i>President</i>
K. G. Graham <i>Vice President</i>
A. J. Lynas <i>Vice President</i>
N. C. Morris <i>Vice President</i>
W. G. Reid <i>Vice President</i>
E. H. Young <i>Vice President</i>
J. R. Ward <i>Secretary and Associate Treasurer</i>
L. B. Zalany <i>Associate Treasurer</i>
*Member of the Executive Committee

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E S & A ROBINSON (CANADA) LTD.

laminated and plastic coated — transparent films —
aluminum foils — specialty papers
vacuum packaging systems
bags — aluminum foils, film and specialty paper
printing — rotogravure, flexography, letterpress,
lithography
calendars and advertising specialties



GLOBE ENVELOPES PRODUCTS LIMITED

Envelopes of all kinds
commercial
window
coin
catalogue
booklet
and Envelope-Type Products



SELLOTAPE CANADA LIMITED

"Sellotape" brand pressure-sensitive tapes such as
cellulose, cloth and vinyl, masking, filament, and
specialized tapes
"Selloprint" printed pressure-sensitive tapes
and labels
"Insil" sealing and gasketing materials.



INTERIM

REPORT TO SHARE OWNERS

for six months ended June 30, 1971

DRG LIMITED

73 Laird Drive, Toronto

OPERATING DIVISIONS AND SUBSIDIARIES

E S & A ROBINSON (CANADA) LTD.
Halifax - Montreal - Toronto - Winnipeg - Vancouver
Saint John - Ottawa - Hamilton - London - Calgary

GLOBE ENVELOPES PRODUCTS LIMITED
Montreal - London - Toronto - Winnipeg - Edmonton
Ottawa - Hamilton - Regina - Calgary

SELLOTAPE CANADA LIMITED
Toronto, Montreal and Vancouver

INTERNATIONAL ENVELOPE LIMITED
Montreal and Quebec City

LEASIDE CALENDAR &
ADVERTISING SPECIALTY CO.
Toronto and Montreal

DRG LIMITED

and Subsidiary Companies

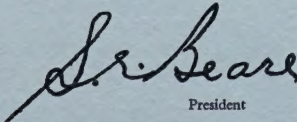
TO DRG SHARE OWNERS:

Consolidated sales in the 6 month period to June 30, 1971, topped twenty-one million dollars, reaching a total of \$21,279,062, an increase of \$1,373,962, or 6.9% in comparison with 1970.

Net earnings at \$1,058,200 amount to 62¢ per common share as against 52¢ per share in the corresponding period of last year — an increase of approximately 20 per cent.

Contributing to the improved earnings were increased sales, a more desirable product mix, introduction of new products, and cost savings effected in some areas.

While the buying habits of customers continue to be cautious, there appears to be more confidence than at this time last year. The government's budget and tax reform measures announced in June reached the business community just as the vacation season was approaching, and therefore no immediate impact on the business climate has been evident. However, a measure of confidence should result from the government's proposed program, and we feel some improvement in business can be looked for during the balance of 1971.


President

INTERIM CONSOLIDATED STATEMENT OF EARNINGS

	Six Months Ended June 30	
	1971	1970
	\$	\$
Net sales - - - - -	21,279,062	19,905,100
Net earnings before taxes - - - - -	2,252,200	1,940,800
Provision for income taxes - - - - -	1,194,000	1,052,600
Net earnings - - - - -	1,058,200	888,200
Net earnings per share - - - - -	.62	.52

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	Six Months Ended June 30	
	1971	1970
	\$	\$
SOURCE OF FUNDS		
Net earnings - - - - -	1,058,200	888,200
Depreciation and amortization - - - - -	530,700	508,200
Deferred income taxes - - - - -	(43,000)	(33,600)
Total from operations - - - - -	1,545,900	1,362,800
Issue of capital stock - - - - -	14,200	9,500
	1,560,100	1,372,300
USE OF FUNDS:		
Net expenditures on fixed and other assets - - - - -	297,600	436,200
Reduction of long term liabilities - - - - -	100,000	100,000
Dividends - - - - -	412,700	412,400
	810,300	948,600
INCREASE IN WORKING CAPITAL - - - - -	749,800	423,700

as at June 30

	1971	1970
CONSOLIDATED WORKING CAPITAL - - - - -	9,935,746	8,599,062

Subject to audit and year-end adjustments

August 24, 1971